

Message Text

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TO SECSTATE WASHDC 3673
INFO AMEMBASSY BONN
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AMEMBASSY PARIS
AMEMBASSY THE HAGUE
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C O N F I D E N T I A L SECTION 01 OF 03 MADRID 02302

E.O. 11652 GDS
TAGS: PINT, SP
SUBJECT: THE SPANISH POLITICAL SITUATION

1. THE RECENT RESHUFFLE OF THE SUAREZ CABINET PROVIDES
A GOOD MOMENT TO EXAMINE BRIEFLY WHERE SPAIN IS AT
THIS TIME AND WHERE IT IS GOING IN THE MONTHS AHEAD.
2. SUAREZ DID NOT WANT A CABINET CHANGE AT THIS TIME,
BUT WAS FORCED INTO IT BY THE WORSENING DIFFERENCES
BETWEEN THE ECONOMIC MINISTERS WHICH HAD PARALYZED THE
GOVERNMENT IN THIS AREA AND BY AN ULTIMATUM FROM
VICE PRESIDENT OF ECONOMIC AFFAIRS FUENTES QUINTANA
THAT EITHER SEVERAL OF THE ECONOMIC MINISTERS BE DROPPED
OR HIS RESIGNATION BE ACCEPTED. SUAREZ REACTED
RAPIDLY BY DROPPING FUENTES QUINTANA, THE INDUSTRY
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MINISTER WHO HAD FEUDED WITH FUENTES, THE AGRICULTURE
AND TRANSPORT MINISTERS WHOSE PERFORMANCE HAD NOT
PLEASED SUAREZ, AND THE LABOR MINISTER WHO HAD WORRIED
BUSINESS. HE REPLACED THEM WITH MEN EITHER PARTICULARLY
CLOSE TO HIMSELF OR, AS IN THE CASE OF INDUSTRY, A
MAN WHO IS WELL-KNOWN MODERATE BUSINESS LEADER.

3. WHILE THE OPPOSITION AND MUCH OF THE PRESS HAVE BEEN QUICK TO PORTRAY THE SHUFFLE OF SO MANY OF THE ECONOMIC TEAM AS A VISIBLE SWING TO THE RIGHT, WE BELIEVE THIS INTERPRETATION OBSCURES MORE THAN IT REVEALS. SUAREZ AND THE MAJORITY OF GOVT/UCD LEADERS CONTINUE TO INSIST THAT UCD MUST STRADDLE THE CENTER, KEEPING FRAGA'S POPULAR ALLIANCE AT ARMS' LENGTH ON UCD'S RIGHT AND DEFLECTING ATTEMPTS BY THE SOCIALISTS AND THE COMMUNISTS TO PORTRAY THE UCD AS A POLITICAL OPTION WHOSE APPEAL CANNOT TRANSCEND SPANISH CONSERVATISM. SUCH AN APPROACH MEANS THAT THE GOVT ZIGS SOMETIMES TO THE RIGHT (WHICH IS THE CASE HERE) AND SOMETIMES TO THE LEFT, JUST AS THE PSOE DOES AS IT ATTEMPTS TO STRADDLE CENTER-LEFT AND LEFT. ONE OF THE AIMS OF THE SHUFFLE ONCE IT HAD TO OCCUR WAS TO REASSURE THE BUSINESS COMMUNITY, SOMETHING NECESSITATED BOTH BY THE NEED FOR INCREASED BUSINESS CONFIDENCE AND INVESTMENT AND THE FACT THAT THE BUSINESS AND FINANCIAL CLASS, BROADLY DEFINED, IS AN EXTREMELY IMPORTANT PART OF THE GOVT'S POLITICAL CONSTITUENCY.

4. AT LEAST IN PART THEN, THE CABINET CHANGE WAS MEANT TO ALLEVIATE SOME OF THE UNEASINESS AND NERVOUSNESS WITHIN MORE CONSERVATIVE ELEMENTS ABOUT THE CONTINUING DIFFICULT ECONOMIC SITUATION. THERE HAS ALSO BEEN CONCERN ABOUT WHAT SOME CONSIDER TO BE A DETERIORATION IN PUBLIC ORDER. HOWEVER, SUCH REACTION IS COMPARATIVELY CONFIDENTIAL

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MODERATE AND NOT REALLY SURPRISING, CONSIDERING THE EXTRAORDINARY RANGE OF PROBLEMS WITH WHICH SPAIN CURRENTLY MUST DEAL. THIS IS A NATION STILL IN THE THROES OF TRANSFORMING ITSELF FROM FORTY YEARS OF DICTATORSHIP TO A WORKING DEMOCRACY. INSTITUTIONS ARE BEING REVISED, FORMER VALUES AND STANDARDS OF LIFE ARE GIVING WAY DAILY TO NEW FORMS, AND NEW HABITS OF COEXISTENCE ARE BEING FORGED. INDEED, THE TABOOS OF THE PAST ARE IN MANY RESPECTS THE COMMONPLACE ACTIVITY OF TODAY. THESE STRIKING CHANGES MUST TAKE PLACE WITHIN AN ANTIQUATED LEGAL FRAMEWORK WHICH HAS REALLY NOT BEEN ADEQUATE TO THE TASK AND WHICH IS CONSEQUENTLY IN THE PROCESS OF CHANGE ALONG WITH THE REST OF SPANISH SOCIETY.

5. FURTHERMORE, SPAIN'S LONG NEGLECTED ECONOMIC PROBLEMS PLACE HEAVY STRAINS ON ALMOST ALL ELEMENTS OF THE SOCIETY, ALTHOUGH SINCE THE INAUGURATION OF THE MONCLOA PACTS IN OCTOBER 1977, THE ECONOMIC SITUATION HAS BEEN HANDLED WITH EXCEPTIONAL SKILL. THE PACTS SEEM TO BE HOLDING, THE INFLATION RATE HAS BEEN REDUCED, THE BALANCE OF PAYMENTS DEFICIT HAS NARROWED, RESERVES HAVE RISEN, AND THE IMF HAS

SHOWN APPROVAL WITH A STANDBY CREDIT ARRANGEMENT. THE STABILIZATION PILL WAS DIFFICULT TO SWALLOW, PARTICULARLY FOR THE LEFTWING PARTIES. BUT THEY HAVE DONE SO AND, IN THIS CONNECTION, IT IS HIGHLY SIGNIFICANT THAT THE PACTS HAVE NOT BEEN AT ISSUE IN THE LABOR PLANT ELECTIONS CURRENTLY TAKING PLACE.

6. MOST SIGNIFICANT OF ALL IS THE FACT THAT THE GREAT MASS OF THE SPANISH PEOPLE AND ALL MAJOR POLITICAL GROUPS ARE SUPPORTIVE OF THE GOVERNMENT'S ATTEMPTS TO CONSOLIDATE DEMOCRACY AND TO BRING THE ECONOMY BACK INTO EQUILIBRIUM.

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THERE ARE, OF COURSE, POCKETS OF RESISTANCE, PARTICULARLY IN THE BASQUE AREA, AND WIDELY FLUCTUATING GRADIENTS IN THE SCALE OF ENTHUSIASM OVER WHAT IS HAPPENING. HOWEVER, THERE IS NO SERIOUS THREAT TO SPAIN'S CONTINUING EVOLUTION FROM ANY SECTOR OF SPANISH SOCIETY TODAY -- INCLUDING THE ARMED FORCES, LABOR, AND THE COMMUNISTS; ALL OF WHOM ARE COMMITTED, AT LEAST IN THE NEAR TERM, TO THE DEMOCRATIC PROCESS AND TO THE MONCLOA PACTS.

7. ON THE POLITICAL FRONT RELATIONS BETWEEN THE VARIOUS PARTIES REMAIN CIVIL, IN SPITE OF NORMAL CLASHES IN PARLIAMENTARY DEBATE AS EACH PARTY SEEKS TO STAKE OUT

ITS CLAIM TO VARIOUS SECTORS OF THE ELECTORATE.
WHILE SUCH CLASHES ARE A ROUTINE PART OF THE PARLIAM-
MENTARY PROCESS, BEHIND THE SCENES THERE IS CONTINUED
COOPERATION ON A WHOLE SERIES OF MEASURES, INCLUDING
THE DRAFTING OF A NEW SPANISH CONSTITUTION. MEANWHILE,
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SUAREZ' RELATIVELY YOUNG (I.E. LESS THAN ONE YEAR OLD)
UCD CONTINUES ITS ORGANIZATIONAL EFFORTS, AND ITS
UPCOMING FIRST CONGRESS WILL BE THE CULMINATION OF
THIS PARTY-BUILDING PROCESS. WHILE IT IS STILL TOO
EARLY TO BE PRECISE ON THE MATTER, IT WOULD APPEAR
FROM THE RECENT CABINET CHANGES THAT SUAREZ IS TAKING
TO HEART CONCERN EXPRESSED WITHIN HIS PARTY THAT THE
UCD HAD BEGUN TO ALIENATE SOME OF ITS VOTERS BECAUSE
ITS POLICY WAS PERCEIVED AS FAVORING LABOR OVER
MANAGEMENT. AND THE PRIME MINISTER OBVIOUSLY CANNOT
AFFORD TO LOSE THE SUPPORT OF HIS ELECTORATE, WHICH
IS HEAVILY BASED IN THE SPANISH MIDDLE CLASS AND IN
RURAL SPAIN. WHAT WE ARE SEEING NOW IN SPAIN IS
THUS THE KIND OF POLITICAL JOCKEYING WHICH IS THE
NORMAL ROUTINE IN MOST WESTERN EUROPEAN PARLIAMENTARY
DEMOCRACIES.

8. IN THE IMMEDIATE PERIOD AHEAD THE FOCUS OF
ACTIVITY IS ON THE COMPLETION OF THE CONSTITUTION,
WHICH WILL BE, IF ALL GOES WELL, THE FIRST TIME IN
THE HISTORY OF SPAIN THAT A SPANISH CONSTITUTION
WAS A CONSENSUS DOCUMENT AND WAS NOT IMPOSED BY ONE
POLITICAL GROUP OR ANOTHER. SO FAR THERE HAVE BEEN
NO SERIOUS HANG-UPS, BUT IT IS POSSIBLE THAT AS THE
DRAFTING APPROACHES ITS FINAL STAGES THE QUESTIONS
OF AUTONOMY ("NATIONALITIES") AND RELIGION WILL
BECOME MAJOR BONES OF CONTENTION. THE FUTURE OF THE
MONARCHY IS BASICALLY A NON-ISSUE, ALTHOUGH THE
POWERS OF THE KING MAY BE SUBJECT TO SOME CONTENTION.
IT IS OUR JUDGMENT, HOWEVER, THAT THE POLITICAL
PARTIES WILL REACH AGREEMENT ON THE CONSTITUTION BY
SUMMER WITH THE REFERENDUM BEING HELD EITHER THEN
OR IN THE EARLY AUTUMN.
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9. THERE IS ALSO CONSIDERABLE DISCUSSION HERE ABOUT
POSSIBLE ELECTIONS. THE SOCIALISTS HAVE DECLARED THEMSELVES
FOR EARLY MUNICIPAL ELECTIONS. SUAREZ HAS NOT COMMITTED
HIMSELF TO HOLDING THE MUNICIPALS AND THERE IS INCREASING

EVIDENCE THAT HE MAY WANT GENERAL ELECTIONS FOLLOWING THE APPROVAL OF THE CONSTITUTION. SPANIARDS RECALL THE HORRORS THAT SUCCEEDED EACH OTHER FOLLOWING THE 1931 MUNICIPAL ELECTIONS AND THIS WILL INFLUENCE THE GOVERNMENT'S DECISION. MORE TO THE POINT, IT IS WIDELY AGREED HERE THAT THE SOCIALISTS (PSOE) ARE LIKELY TO OUTDISTANCE UCD IN THE MUNICIPALS IN SPAIN'S LARGER URBAN AREAS, POSSIBLY WINNING MAYORALTIES IN ALL OF SPAIN'S MAJOR CITIES. SUCH AN EVENTUALITY WOULD UNDERMINE UCD'S GOVERNING LEGITIMACY AND EFFECTIVENESS, POSSIBLY IMPAIRING UCD-PSOE COEXISTENCE AND REDOUNDING TO THE BENEFIT OF THE COMMUNISTS AND RIGHT-WING ALIANZA POPULAR, THEREBY SLOWING THE CONSOLIDATION OF SPANISH DEMOCRACY. IT ALSO WOULD GIVE THE PSOE A LEG UP IN SUCCEEDING GENERAL ELECTIONS, SOMETHING WHICH UCD CLEARLY SEEKS TO AVOID.

10. SUAREZ MAY THEREFORE BE CONSIDERING HOLDING NATIONAL ELECTIONS BEFORE THE MUNICIPALS, THUS TAKING ADVANTAGE OF WHAT IS ASSUMED WILL BE FAVORABLE POPULAR REACTION TO THE CONSTITUTION. ON THE OTHER HAND, THIS WOULD MEAN HOLDING THE ELECTIONS AT A TIME WHEN THE ECONOMY WILL ALMOST CERTAINLY STILL BE IN THE DOLDRUMS AND RISKING GIVING UP POWER THREE YEARS BEFORE HE HAS TO DO SO. BUT THE ELECTORAL CALENDAR REMAINS VERY MUCH UP IN THE AIR, COMPLICATED BY APPARENT GOVERNMENTAL UNCERTAINTY AND SUAREZ'S DESIRE TO KEEP THE OPPOSITION OFF BALANCE. FOR EXAMPLE, WHILE REPORTS CIRCULATE THAT THE GOVERNMENT WILL CONVOKE GENERAL ELECTIONS SOON AFTER THE CONSTITUTIONAL REFERENDUM, UCD HAS SIMULTANEOUSLY PROPOSED A CONSTITUTIONAL AMENDMENT SPECIFYING

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THAT THE EXISTING PARLIAMENT CONTINUE TO SIT UNTIL 1981. THIS HAS NOW BEEN FURTHER COMPLICATED BY CONSIDERATION OF THE MUNICIPAL ELECTION LAW, WHICH WILL BE DEBATED NEXT WEEK IN THE LOWER HOUSE AND WHICH AS DRAFTED ESTABLISHES A SPECIFIC TIME FRAME FOR MUNICIPAL ELECTIONS, TRIGGERING THOSE ELECTIONS WITHIN 95 DAYS OF THE PROMULGATION OF THE LAW. THE GOVERNMENT COULD THEN ONLY FURTHER DELAY MUNICIPALS AT A POLITICAL COST TO ITSELF. EITHER WAY, THE DECISION ON GENERALS OR MUNICIPALS REPRESENTS A POLITICAL GAMBLE. AT WRITING SUAREZ APPEARS TO BE LEANING TOWARD MOVING FROM A SUCCESSFUL CONSTITUTIONAL REFERENDUM TO GENERAL ELECTIONS, BUT THE FINAL DECISION WILL BE A CLOSE ONE, AND WE BELIEVE IT REMAINS TO BE MADE.

11. SUAREZ WOULD NOT MAKE SUCH A MOVE, UNLESS CAREFUL POLLING AND POLITICAL SOUNDINGS INDICATE THAT HE
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WOULD BE A WINNER. HE IS NOT OBLIVIOUS TO THE FACT THAT THE PARTIES OF THE RIGHT (UCD AND AP) IN THE ELECTIONS OF LAST JUNE ONLY RECEIVED A SMALL FRACTION MORE OF THE VOTES THAN THE PARTIES OF THE LEFT (PSOE, THE PSP AND THE PCE). THERE WILL THUS ALWAYS REMAIN THE POSSIBILITY THAT THE PSOE MIGHT EITHER COME TO POWER IN NEW ELECTIONS OR AT LEAST DO WELL ENOUGH TO UPSET THE POLITICAL BALANCE WHICH HAS THUS FAR BEEN SO BENEFICIAL TO THE PROCESS OF DEMOCRATIC TRANSFORMATION IN SPAIN. IN THIS REGARD, WE MUST KEEP IN MIND THAT ALTHOUGH THE PSOE IS LEARNING MORE AND BECOMING MORE RESPONSIBLE LITERALLY WITH EVERY PASSING DAY, ITS LEADERSHIP IS STILL UNTRIED AND INEXPERIENCED. THIS IS PARTICULARLY TRUE IN THE INTERNATIONAL FIELD, WHERE MANY OF ITS STATED POLICIES ARE STILL WHAT THEY WERE WHEN THE PARTY WAS IN CLANDESTINITY AND BEING PURSUED BY FRANCO'S POLICE. WE MUST BEAR IN MIND THAT IF THE PSOE SHOULD COME TO POWER PREMATURELY, IT COULD WELL ENGENDER SEVERE FOREIGN POLICY PROBLEMS FOR US, PARTICULARLY IN TERMS OF OUR DEFENSE RELATIONS WITH SPAIN.

12. IN SUM, WHILE THE PROCESS HAS BEEN TURBULENT AND THE PUBLIC MOOD HAS AT TIMES BEEN UNCERTAIN, A GOOD BEGINNING HAS BEEN MADE BY THE GOVERNMENT IN

DEALING WITH THE ECONOMIC SITUATION, THE REGIONAL
PROBLEM, PARTY BUILDING, THE DEVELOPMENT OF A VIABLE
DEMOCRATIC SYSTEM, MILITARY REFORM, CONSTITUTION
DRAFTING AND MAJOR LABOR ISSUES. FURTHERMORE,
SUAREZ CONTINUES TO DEMONSTRATE THAT HE IS ONE OF THE
MOST CAPABLE POLITICIANS IN THIS COUNTRY AND THE
SPANISH PEOPLE CLEARLY FAVOR THE CURRENT POLITICAL
SYSTEM. I THEREFORE REMAIN OPTIMISTIC THAT SPAIN
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WILL CONTINUE SUCCESSFULLY ON THE COURSE WHICH IT
HAS BEEN EMBARKED ON EVER SINCE JULY OF 1976, WHEN
SUAREZ WAS NAMED BY THE KING TO BE THE SPANISH PRIME
MINISTER AND WAS GIVEN A CLEAR MANDATE TO TURN SPAIN
INTO A WESTERN EUROPEAN DEMOCRACY. STABLER

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